

Message Text

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13

ORIGIN AID-31

INFO OCT-01 ARA-11 ADP-00 CIAE-00 COME-00 EB-11 FRB-02

INR-10 NSAE-00 RSC-01 TRSE-00 XMB-07 OPIC-12 CIEP-02

LAB-06 SIL-01 OMB-01 NSC-10 SS-15 STR-08 CEA-02 IGA-02

L-03 /136 R

DRAFTED BY LA/ DP: LEHARRISON/ LA- BC: RFREDERICK; NG

4/13/73 EXT 23338

APPROVED BY ARA- LA/ BC: JWFISHER

ARA/ LA/ BC: JBINNS (DRAFT)

ARA/ LA: HKLEINE (INFO)

ARA/ LA/ ECP: JCOOK (DRAFT)

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R 132039 Z APR 73

FM SECSTATE WASHDC

TO AMEMBASSY LA PAZ

C O N F I D E N T I A L STATE 069387

E. O. 11652: GDS

TAGS: EAID, ECON, EFIN, BL

SUBJECT: REVENUE PERFORMANCE UNDER DEVALUATION

REF: A) MARCH 18 MEMCON BETWEEN IMF AND AMBASSADOR

B) LA PAZ 1944; C) LA PAZ 2103

JOINT STATE/ AID MESSAGE

1. HARRISON AND FREDERICK MET WITH KOENIG APRIL 9 TO DISCUSS HER IMPRESSIONS OF ECONOMIC TRENDS IN BOLIVIA BASED ON HER RECENT VISIT. WHILE SHE CONTINUES TO BE GRATIFIED BY BALANCE OF PAYMENTS AND PRICE PERFORMANCE, SHE IS STILL A PESSIMIST ON REVENUE ASPECT AS SHE WAS DURING MARCH 18 MEETING DESCRIBED IN MYE MEMCON. SHE BELIEVES THAT CENTRAL BANK EXTENDED ABOUT 100 MILLION PESOS OF CREDIT TO CENTRAL GOVERNMENT DURING FIRST QUARTER, AS COMPARED TO IMF STANDBY PROJECTION OF 100 MILLION PESO CONTRACTION DURING SAME

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PERIOD. (WE NOTE REF C ACTUAL FIGURE IS 167 MILLION PESOS.) HISTORIC REVENUE/ EXPENDITURE SEASONAL PATTERNS SUGGEST TO US THAT SHE MAY BE RIGHT IN PROJECTING CENTRAL GOVERNMENT BORROWING OF 5-600 MILLION PESOS DURING 1973 (ASSUMING, OF COURSE, THAT NO CHANGE IN CURRENT STATUS OF PRIVATE SECTOR TAXES).

2. KOENIG ACKNOWLEDGES THAT TWO IMMEDIATE MEASURES BY RLD CONCEPT BECAME MORE OF A REALITY. CHINA ITSELF HAVING EXPERIENCED FOREIGN DOMINATION, THE CHINESE WERE SAID BY AHIDJO TO DEAL WITH UNDER- DEVELOPED COUNTRIES WITH STUDIED MODESTY. AS TO BILATERAL RELATIONS, AHIDJO SAID CHINA SHOWED DUE APPRECIATION FOR THE ROLE OF CAMEROON IN AFRICA, AS REFLECTED IN THE ECONOMIC AGREEMENT PROVIDING CAMEROON WITH CFA 18 BILLION (APPROXIMATELY \$80 MILLION) IN CREDITS. AHIDJO THEN REFERRED TO CHINESE EMPHASIS ON AGRICULTURE AS THE ROAD TO ECONOMIC DEVELOPMENT AS A FURTHER POINT IN COMMON WITH CAMEROON. THE INTERVIEW, WHILE NOT EXUBERANT, WAS COMPLIMENTARY TO CHINA THROUGHOUT AND DID NOT REFLECT PETULANCE THAT COULD HAVE BEEN EXPECTED TO RESULT FROM AN INCIDENT AS REPORTED IN REF B.

4. AHIDJO WAS MUCH MORE CIRCUMSPECT WITH REGARD TO JAPAN DURING THE SAME INTERVIEW. HE SAID THAT JAPAN'S IMPORTANCE WAS SELF-EVIDENT FROM ITS ROLE AS THE WORLD'S THIRD LEADING ECONOMIC POWER. HIS DISCUSSIONS WITH PREMIER TANAKA, HE SAID, HAD DEALT PARTICULARLY WITH THE POSSIBILITIES OF JAPAN CONTRIBUTING TO MINING RESEARCH AND EXPLOITATION.

5. COMMENT: AHIDJO AND HIS AIDES HAVE BEEN LARGELY UNCOMMUNICATIVE IN THEIR FIRST DAY BACK. ONE WAS HEARD TO SAY THAT THE TRIP WAS GOOD BUT VERY TIRING. AHIDJO HIMSELF LEFT APRIL 13 FOR HIS HOME IN GAROUA, VERY LIKELY TO WORK OVER THE SLATE OF CANDIDATES FOR LEGISLATIVE ELECTIONS ONE MONTH AWAY.
MOORE

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*** Current Classification *** CONFIDENTIAL

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